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ABSTRACT

The Missouri Coordinating Board for Higher Education established the Commission on the Affordability of Higher Education to respond to concerns and challenges posed by the rising cost of attendance at colleges and universities and private career schools. This commission was charged with reviewing pertinent data and making recommendations to the higher education community regarding financial aid, factors affecting the cost of attendance, accountability, and public policy issues related to higher education affordability. The commission arrived at the following findings: (1) there has been a dramatic shift in responsibility for financing higher education, and this additional burden is increasingly being financed by student loans; (2) institutional aspirations and public expectations have a significant impact on the cost of higher education; (3) Missourians have access to a diverse system of public and independent higher education, with a wide range of tuition and fee levels; (4) state-level policy makers and the public have a limited understanding of institutional pricing policies; and (5) no student pays the full cost of a college education--colleges and universities subsidize the cost of higher education with different sources of revenue and the subsidy varies by institution. The commission's recommendations address issues of cost containment, state budget policy, pricing, financial access, and consumer information. Contains 12 charts. (EMH)

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Report of the Missouri Commission on the Affordability of Higher Education

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Toward an Affordable Future

JC 000021

Presented to the Missouri Coordinating Board for Higher Education

December 9, 1999

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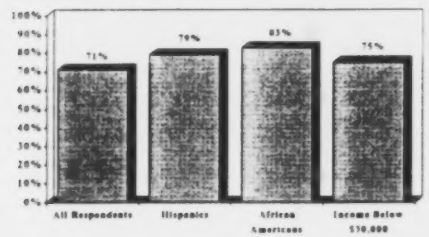
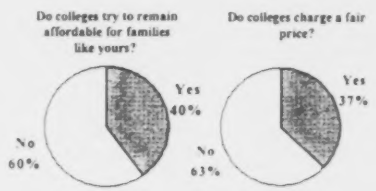
Preface

Public concern about the increasing cost of education beyond high school is very real. The latest national survey conducted by the American Council on Education shows that 71 percent of the respondents believe a four-year college education is not affordable for most Americans. Sixty-three percent of the respondents do not believe colleges charge a fair price, and 60 percent do not believe colleges try to remain affordable for families.

Percentage of respondents who believe a college education is NOT affordable for most families.



Most Americans believe colleges do not do enough to keep costs down.



In addition, the price of attending a Missouri public college or university and the availability of student financial aid were the most frequently cited factors students enrolled in Missouri public two- and four-year colleges and universities gave for choosing the school in which they enrolled, with price being the most important factor for students enrolled in public two-year community colleges (Missouri Coordinating Board for Higher Education, 1999).

The genuine fear of many families that they will not be able to afford a college education, either for themselves or their children, has not been lost on state public policy and higher education leaders. A comprehensive survey conducted by the Midwestern Higher Education Commission in the fall of 1997 sought the opinions of state public policy and higher education leaders from 12 midwestern states in identifying the most critical issues facing postsecondary education. The survey results clearly indicate that both groups consider the issue of affordability to be of primary concern.

Noting that public concern about college affordability was at a 30-year high, the U.S. Congress moved to convene the National Commission on the Cost of Higher Education in 1998. The wide-ranging recommendations of the cost commission constitute a framework of shared responsibility for maintaining financial access to higher education. Many of the cost commission's recommendations, which depend on federal, state, and institutional implementation, were incorporated into the 1998 reauthorization of the Higher Education Act of 1965.

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The Coordinating Board for Higher Education established the Missouri Commission on the Affordability of Higher Education in December 1998. Governor Mel Carnahan endorsed the commission as a means to engage students, parents, business, higher education, and public policy leaders in a systemic and deliberate dialogue to ensure that an affordable college education stays within reach of both the current and future generations of Missouri citizens.

On December 9, 1998, the Coordinating Board for Higher Education adopted the following charge to the Missouri Commission on the Affordability of Higher Education.

Whereas *access, quality, and efficiency for the state's system of higher education guide the public policy actions and discussions of the Coordinating Board for Higher Education; and*

Whereas *maintaining financial access to Missouri higher education is of paramount concern to Missouri students and families, the Coordinating Board for Higher Education, and the state's public policy leaders; and*

Whereas *the U.S. Congress established the National Commission on the Cost of Higher Education to review and examine issues related to the rising price and cost of higher education; and*

Whereas *the National Commission on the Cost of Higher Education recommended that states and institutions of higher education engage in a dialogue and exploration of issues related to the cost, price, and affordability of higher education; and*

Whereas *Governor Mel Carnahan encouraged the Coordinating Board for Higher Education to undertake a comprehensive review of the cost of higher education in Missouri to ensure that everything possible is being done to control costs and help students complete their degrees on a timely basis; and*

Whereas *the Coordinating Board for Higher Education has appointed the Missouri Commission on the Affordability of Higher Education to engage in a statewide dialogue on the cost, price, and affordability of Missouri higher education, to examine the facts, to explore and identify the issues and factors affecting the cost of higher education, to identify and report on cost-saving initiatives, and to prepare related recommendations,*

Now Therefore, Be It Resolved *that the Missouri Commission on the Affordability of Higher Education review and examine pertinent data, review the facts, and make recommendations to the higher education community at the 1999 Governor's Conference on Higher Education about (a) the price of attendance, (b) the factors affecting the cost of attendance, (c) the role student financial aid, state and local appropriations, and other subsidies have in financing higher education, (d) the clarity and relevance of public information and the need for greater accountability to prospective students, families, and public policy leaders about the price and cost of higher education, and (e) the relevant public policy issues related to the affordability of Missouri higher education.*

This report, *Toward an Affordable Future*, provides the contextual background about Missouri higher education that guided the Missouri Commission on the Affordability of Higher Education's deliberations and outlines its recommendations. While the commission discussed a number of important topics related to the cost, price, and affordability of Missouri higher education, it should be noted that this report and the commission's recommendations are limited to issues of the affordability of undergraduate education, i.e., tuition and fees full-time undergraduate Missouri residents pay to attend college. The report does not include a discussion of the costs and related issues associated with graduate and professional education, technology advancements, and investments in capital improvements and equipment. While important, issues surrounding these topics were beyond the scope of time available to the commission to deliver its report to the Missouri higher education community.

Those issues not pursued by the commission warrant further study. Particular consideration should be given to an exploration of the cost, price, and affordability of graduate and professional education, with a special emphasis on medical education. In addition, a follow-up study undoubtedly is warranted to assess the impact of the state's new financial aid programs, e.g., the Missouri College Guarantee Program, on ensuring the affordability of higher education in Missouri.

Toward an Affordable Future

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Toward an Affordable Future

Introduction

By establishing the Missouri Commission on the Affordability of Higher Education, the Coordinating Board for Higher Education has responded to the concerns and the challenges posed by the rising cost of attendance at public and independent colleges and universities and private career schools. The commission was charged with reviewing pertinent data and making recommendations to the higher education community at the 1999 Governor's Conference on Higher Education on:

- the price of attendance,
- the factors affecting the cost of attendance,
- the role that financial aid, state and local appropriations, and other subsidies have in financing higher education,
- the clarity and relevance of public information and the need for greater accountability to prospective students, families, and public policy leaders about the price and cost of higher education, and
- the relevant public policy issues related to the affordability of Missouri higher education.

Over the course of the meetings, commission members discussed facts about the price and cost of Missouri higher education. They listened to presentations by representatives of the public four-year, public two-year, independent, and private career school sectors. The commission recognized that issues related to student financial aid and cost containment were especially complex. Consequently, subcommittees were appointed to study these areas and present their recommendations to the full commission.

During this process, the commission relied on the expertise of several nationally prominent consultants to help provide information and a national perspective. Dr. William Troutt, chair of the National Commission on the Cost of Higher Education; Dr. Kent Halstead, director of Research Associates of Washington; and Dr. David Warren, president of the National Association of Independent Colleges and Universities, addressed the commission. Mr. Jamie Merisotis, president of The Institute for Higher Education Policy, and Dr. Jeffrey Hanson, director of Debt Management Services for The Access Group, Inc., a source of private sector loans for postsecondary students, assisted the student financial aid subcommittee with its deliberations.

The commission also heard reports on the role of the Coordinating Board's strategic initiatives, contained in its *Blueprint for Missouri Higher Education*, in helping maintain the affordability of Missouri higher education.

Additionally, the commission reviewed the recommendations of the National Commission on the Cost of Higher Education that was convened by the U.S. Congress in 1998. The wide-ranging recommendations of the national cost commission constitute a

framework of shared responsibility for maintaining financial access to higher education. Several of the national cost commission's recommendations are reflected in the recommendations of the Missouri commission.

The Missouri commission responded to its charge by reviewing the facts, exploring the issues, and discussing the information it was presented in a systematic way. In doing so, the commission believes it has arrived at appropriate findings and recommendations that provide a Missouri context regarding the affordability of higher education and that respond to the recommendations of the National Commission on the Cost of Higher Education.

The Missouri commission found:

- There has been a dramatic shift in responsibility for financing higher education to students and their families, and this additional burden is increasingly being financed by student loans.

- Institutional aspirations and public expectations have a significant impact on the cost of higher education.

- Missourians have access to a diverse system of public and independent higher education with institutions that offer a wide range of choices in terms of tuition and fee levels.

- State-level policy makers and the public have a limited understanding of institutional pricing policies and the reasons for the increasing costs of higher education.

- No student pays the full cost of a college education. Public and independent colleges and universities subsidize the cost of higher education with different sources of revenue, and the subsidy varies by institution.

The findings and recommendations of the Missouri Commission on the Affordability of Higher Education contained in this report are directed to postsecondary institutions, the Coordinating Board for Higher Education, and state policy makers. The commission's recommendations address issues of cost containment, state budget policy, pricing, financial access, and consumer information.

The Cost of Higher Education: Who Pays?

The cost to deliver education and the prices institutions charge for education are affected by a number of institutional characteristics. These characteristics include, but are not limited to, the following:

- Institutional mission
- Institutional control (public versus independent or private)
- Amount and type of available subsidies
- Clientele served and students' academic preparation
- Emphasis on teaching, research, and public service
- Degree and program level mix
- Program accreditation
- Ratio of graduate to undergraduate enrollment
- Number of non-degree-seeking students
- Distribution of faculty by rank and number of years the core faculty have been employed
- Use of adjunct faculty
- Campus type (commuter versus residential and urban versus rural)
- Cost of living in the community/region/state where the institution is located
- Number of off-campus sites and students served
- Physical age of facilities and equipment
- Expenses for utilities
- Peer competitor institutions

Because these characteristics vary from institution to institution and have differing effects on the cost of instruction and, consequently, the prices charged by institutions, it is difficult to compare the cost and price of one institution to another except for comparisons by institutional sector and level. Also, because "no absolute standards exist for evaluating education financing, state behavior can best be assessed through inter-state comparisons of current position and, as important, trend analysis" (Halstead, 1994, page 10). Therefore, the following trends and related information are presented to provide a historical context for the relationship between increases in the price of Missouri higher education (tuition and fees) and other funding sources (state appropriations) and related indices (e.g., per capita disposable income).

Growth in Tuition and Fees Paid by Full-time Undergraduate Resident Students (1989 to 1998)

Between 1989 and 1998, tuition and fees increased for every sector of Missouri higher education (Table 1). The percentage increases during this period indicate that the price increases at independent institutions over the last 10 years have been lower than at the public institutions.

The percentage increase for each sector is:

- 153 percent at the three public four-year colleges,
- 106 percent at the public statewide and regional universities,
- 156 percent at the University of Missouri System,
- 121 percent at the public two-year community colleges,
- 96 percent at the three independent doctoral degree-granting universities, and
- 70 percent at the independent baccalaureate and master's degree-granting colleges and universities.

Table 1

Annual Tuition and Fees at Missouri's Public and Independent Colleges and Universities Per Full-time Equivalent Student by Sector, 1989-1998

	Public Four-year Colleges: Harris-Stowe, MO Southern, and MO Western	Public Four-year Universities: Central, Northwest, Southeast, Southwest, Lincoln, and Truman	University of Missouri System	Public Two-year Colleges	Independent Universities	Independent Colleges
1989	$896	$1,346	$1,685	$527	$8,501	$5,792
1990	$1,119	$1,333	$1,951	$572	$9,257	$6,060
1991	$1,214	$1,528	$2,173	$606	$10,043	$6,538
1992	$1,361	$1,710	$2,453	$664	$10,857	$6,795
1993	$1,572	$1,957	$2,831	$833	$11,599	$7,508
1994	$1,788	$2,146	$3,152	$833	$12,385	$7,488
1995	$1,941	$2,394	$3,475	$911	$12,888	$8,080
1996	$2,039	$2,539	$3,807	$985	$13,934	$8,667
1997	$2,167	$2,636	$4,150	$1,118	$14,797	$9,091
1998	$2,269	$2,768	$4,312	$1,165	$16,660	$9,866

Even with these increases, students attending Missouri institutions currently have a broad range of price options available. For example, in 1998, the state's public two- and four-year colleges and universities charged full-time resident undergraduate students $4,312 or less in tuition and fees for the academic year. The tuition and fees at independent baccalaureate and master's degree-granting colleges and universities averaged $9,866 in 1998. The average tuition and fees at the state's three independent doctoral degree-granting universities was $16,660.

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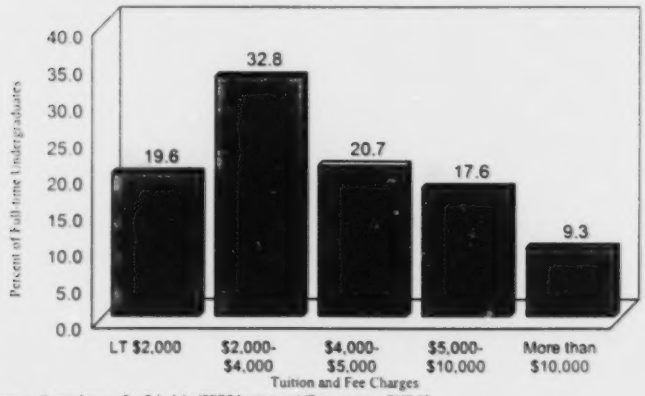
The greatest percentage of full-time undergraduate students (32.8 percent) is enrolled at institutions where the tuition and fees are between $2,000 and $4,000 per year; 19.6 percent pay less than $2,000, and 20.7 percent pay between $4,000 and $5,000 per year. While more than 50 percent of Missouri students are enrolled in institutions that charge $4,000 or less in tuition and fees, fewer than one in 10 students (9.3 percent) are enrolled in institutions where the tuition and fees are more than $10,000 (Chart 1).

Chart 1

Percent Distribution of Full-time Undergraduate Students by Level of Tuition and Fees Charged by Institutions, Fall 1997



Source: Comprehensive Fee Schedule, IPEDS Institutional Characteristics, DHE-02

In addition to increases in tuition and fees over the last 10 years, most students also experienced higher costs for books and supplies. Furthermore, slightly more than 46,000 students living in college and university residence halls (representing 16 percent of all students or 32 percent of all full-time undergraduate students in the state's public and independent colleges and universities in fall 1998) experienced increases in the cost of room and board. Between 1990 and 1999, the charge for room and board at schools with campus residence hall facilities increased from an average of $2,755 to $4,412, or 60 percent. The cost for books and related supplies increased from an average of $461 in FY 1990 to $719 in FY 1999, or 56 percent (Table 2).

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Table 2

Average Cost for Room and Board, Books and Supplies
1990 and 1999

	Room/Board*		Books/Supplies*	
	1990	**1999**	**1990**	**1999**
Doctoral Degree-granting				
University of Missouri System	$3,207	$4,868	$390	$774
Independent Universities	$4,028	$7,341	$750	$956
Baccalaureate and Master's Degree-granting				
Public Four-year Colleges and Universities	$2,327	$3,944	$359	$530
Independent Four-year Colleges and Universities	$2,844	$4,268	$506	$737
Associate Two-year and Specialized/Professional				
Public Two-year Colleges	$1,635	$2,667	$375	$581
Independent Two-year Colleges	$2,100	$4,063	$363	$917
Specialized/Professional Institutions	$2,829	$4,151	$639	$979

*Actual budget costs used for student financial aid purposes reported by the individual institutions to MOSTARS.

Public Policies and Increases in Resident Undergraduate Tuition and Required Fees (1987 to 1999)

On June 10, 1983, the Coordinating Board for Higher Education adopted a public policy related to the proportion of the cost of education that should be paid by students through tuition and fees. The policy's ratio of tuition and fees to the cost of education varies by institutional level and mission. This policy, while advisory to institutions, recognizes that there is a shared responsibility for the financing of higher education between the students and families and the state. The effect this policy had had on changes in tuition and fee rates is not clear.

The level of state appropriations often is cited as a public policy that affects the financing of higher education. Chart 2 displays the cumulative percentage change in average undergraduate tuition and fees charged by the state's public four-year colleges and universities, and the cumulative percentage change in state appropriations for the operations of these institutions from FY 1987 to FY 1999. As shown in this chart, for this 15-year period, the trend in cumulative growth in tuition and fees was higher than the cumulative growth in state appropriations.

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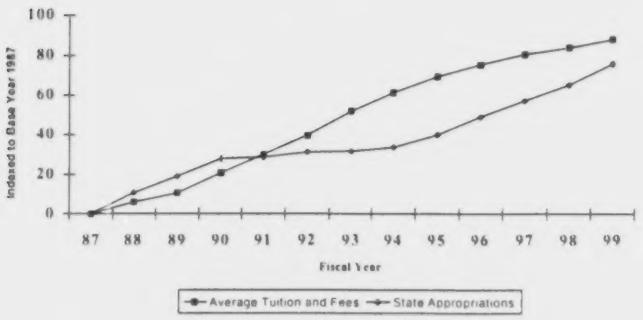
Chart 2

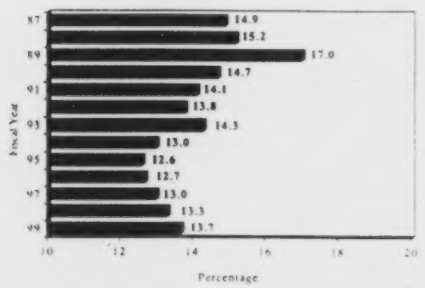
Cumulative Percentage Increase in Average
Undergraduate Tuition and Fees and State Appropriations
FY 1987-FY 1999
Missouri Public Four-year Institutions



There were only small increases in state appropriations for higher education between FY 1990 and FY 1994, largely because of the pressures on state revenue resulting from a recessionary economy. Institutional governing boards reacted by increasing tuition at higher rates than before. Increases in tuition and fees ranged from 12 to 15 percent during this period, while appropriations increased by only 1 to 2 percent per year. Chart 2 shows this widening gap between tuition and fees and state appropriations. This gap can be attributed in part to the decline in the state's allocation for higher education as shown in Chart 3.

Chart 3

Higher Education's Percentage of State General Revenue
and Lottery Appropriations, 1987-1999



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State policies concerning the level of funding for state student financial aid programs have an effect on students' ability to pay for college. For example, while tuition and fees have risen, both the Charles Gallagher Student Financial Assistance Program and the Higher Education Academic Scholarship "Bright Flight" Program have not changed since 1980 and 1987, respectively.

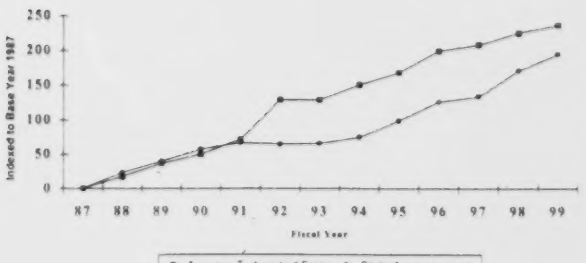
Other public policy decisions also can have a direct impact on the financing of higher education. In 1991, the Missouri Business and Education Partnership Commission made a number of recommendations addressing the financial needs of Missouri's system of higher education. Among these were $340 million in crucial one-time investments to address deferred maintenance on campus facilities and the acquisition of needed instructional equipment, and $300 million in ongoing needs in the areas of building and equipment maintenance, state student financial aid programs, and educational program enhancement. The voters defeated a statewide initiative that would have increased taxes to finance new investments in both elementary and secondary education and higher education in 1992. As a result, public colleges and universities funded some of these needs by increasing tuition and fees.

Notwithstanding the defeat of the initiative, since 1993 Missouri has increased its investment by $345 million for operations for four-year colleges and universities, $5 million for Linn State Technical College, $95 million for community colleges, $32 million for state student financial assistance, and more than one-half billion dollars for new construction and renovation.

Missouri's community colleges are unique in that they are in the only sector with the ability to levy property taxes on a portion of the state's population to support their respective educational activities. Chart 4 shows the cumulative growth in both state appropriations and tuition and fees at the state's public community colleges indexed from base year 1987.

Chart 4

Cumulative Percentage Increase in Average
Undergraduate Tuition and Fees and State Appropriations
FY 1987-FY 1999
Missouri Public Two-year Community Colleges



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A number of policy and environmental factors impacted the trends in this chart. One of the most obvious is the addition of two new institutions: St. Charles County Community College in 1987 and Ozarks Technical Community College in 1992. Another factor affecting the relationship between appropriations and tuition and fees was the implementation and funding of the *State Plan for Postsecondary Technical Education* following the passage of Senate Bill 101 in 1995. This legislation included the addition of Linn State Technical College to the state's system of public higher education and mandated the review and revision of the state's approach to the delivery of postsecondary technical education.

Implications of the Shift in Who Pays for Higher Education for Students and Families

While many state higher education systems, including Missouri's, measure inflation increases by citing the Higher Education Price Index, which is a typical basket of goods and services purchased by colleges and universities, some use the Consumer Price Index, which is a typical basket of goods and services purchased by general consumers. The CPI provides an external measure for assessing changes in costs and prices in American higher education while the HEPI is an internal benchmark, meaning it is affected by the decisions and actions of the higher education community.

In every year since 1991, the cumulative increase in tuition and fees has exceeded the cumulative increase in both the Higher Education Price Index and the Consumer Price Index in all sectors of Missouri higher education.

Chart 5 (not available) shows the change in tuition and fees for all sectors of Missouri higher education compared to changes in both the Higher Education Price Index and the Consumer Price Index from base year 1989.

Another external measure to which tuition and fees are sometimes compared is per capita disposable income. As is evident in Table 3 and **Chart 6 (not available)**, tuition and fees in each sector were a greater proportion of Missouri per capita disposable income in 1997 than they were in 1989.

Table 3

Tuition and Fees as a Percentage of Per Capita Disposable Income, 1989-1997

Tuition and Fees

	Public Four-year Colleges: Harris-Stowe, MO Southern, and MO Western	Public Four-year Universities: Central, Northwest, Southeast, Southwest, Lincoln, and Truman	University of Missouri System	Public Two-year Colleges	Independent Universities	Independent Colleges	Missouri Per Capita Disposable Income
1989	$896	$1,346	$1,685	$527	$8,501	$5,792	$14,008
1990	$1,119	$1,333	$1,951	$572	$9,257	$6,060	$14,956
1991	$1,214	$1,528	$2,173	$606	$10,043	$6,538	$16,194
1992	$1,361	$1,710	$2,453	$664	$10,857	$6,795	$16,978
1993	$1,572	$1,957	$2,831	$833	$11,599	$7,508	$17,461
1994	$1,788	$2,146	$3,152	$833	$12,385	$7,488	$18,244
1995	$1,941	$2,394	$3,475	$911	$12,888	$8,080	$19,234
1996	$2,039	$2,539	$3,807	$985	$13,934	$8,667	$20,075
1997	$2,167	$2,636	$4,150	$1,118	$14,797	$9,091	$20,706
1998	$2,269	$2,768	$4,312	$1,165	$16,660	$9,866	

Tuition and Fees as a Percentage of Per Capita Disposable Income

1989	6.4%	9.6%	12.0%	3.8%	60.7%	41.3%
1990	7.5%	8.9%	13.0%	3.8%	61.9%	40.5%
1991	7.5%	9.4%	13.4%	3.7%	62.0%	40.4%
1992	8.0%	10.1%	14.4%	3.9%	63.9%	40.0%
1993	9.0%	11.2%	16.2%	4.8%	66.4%	43.0%
1994	9.8%	11.8%	17.3%	4.6%	67.9%	41.0%
1995	10.1%	12.4%	18.1%	4.7%	67.0%	42.0%
1996	10.2%	12.6%	19.0%	4.9%	69.4%	43.2%
1997	10.5%	12.7%	20.0%	5.4%	71.5%	43.9%

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The traditional role of student financial aid is to help students and families have a broader range of choices in financing their higher education than if they were left solely with the responsibility of financing higher education from personal savings or other resources. In FY 1997, more than $1 billion in student financial aid was delivered to Missouri postsecondary students. Three major sources comprise the total dollars that are delivered in student aid: the federal government, the state of Missouri, and postsecondary institutions. Student aid is awarded in the form of grants, work programs, loans, and scholarships based on financial need, merit, or ability. Unfortunately, there is no integrated policy for financial aid across these three major sources of student financial aid.

Between 1991 and 1996, there were variable increases in funds available for student financial aid:

- Federal need-based grant aid to Missouri students increased from $94 million to slightly more than $101 million.
- Missouri's investment in direct aid to students through state scholarship and grant programs increased from approximately $20 million to more than $30 million. By 2000, this amount will approach $60 million.
- Institutional investment in financial aid doubled from $94 million to $188 million.

However, during this same period of time, there were dramatic increases in student borrowing:

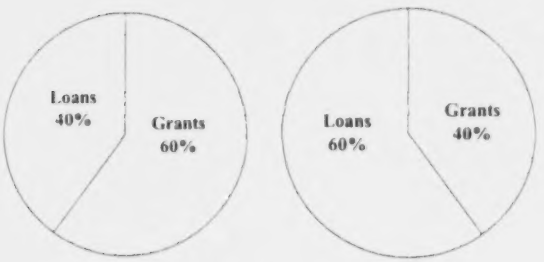
- The total dollar volume of student loans in Missouri doubled from $174 million in 1991 to $350 million in 1996.

- The percentage of Missouri students borrowing increased from 23.8 percent in 1991 to 42.8 percent in 1996.
- The average yearly debt for student borrowers increased from $3,020 in 1991 to $3,513 in 1996.

The impact of these changes is reflected in Chart 7, which shows that in academic year 1980-1981, 60 percent of the student financial aid awarded was student grants (which do not need to be repaid) and 40 percent was in the form of student loans (which do need to be repaid). By 1998-1999, the distribution was reversed, with 60 percent of the aid being in the form of student loans and 40 percent in grants.

Chart 7

The Shift from Grants to Student Loans



Total Available Aid

1980-1981 1998-1999

In researching undergraduate borrowing patterns, the University of Missouri found that between 34 and 52 percent of its 1997-98 baccalaureate degree recipients graduated with a median student loan debt between $16,000 and $19,000. The report also indicates that it will take between $26,000 and $30,000 in annual income to repay student loans at this level. The average annual income for recent Missouri baccalaureate degree recipients from the state's public four-year colleges and universities upon graduation is $22,834. While not all student borrowers are in jeopardy of not having the income to repay their loans, many are.

Federal Student Financial Aid

An underlying purpose of federal financial aid programs, particularly the major need-based programs such as the Pell Grant Program and the Federal Family Education Loan Program, is to provide students with at least some of the resources necessary to access any postsecondary institution. Both the total cost of attending the school the student chooses and the amount the student and the family are expected to contribute toward educational expenses are considered when determining financial need. The student's expected family contribution is determined by a federal formula based on the family's income, assets, number of children in college, and other factors. The cost of attendance includes not just tuition and fees but also books, personal expenses, room and board, transportation, and other expenses. The average total cost of attendance at Missouri's colleges and universities participating in the state's need-based Gallagher grant program increased 78 percent between 1990 and 1999, from $6,218 to $11,098.

The federal need-based programs, e.g., Pell Grant and work-study programs, are determined primarily by the expected family contribution. Students and families with lower expected family contributions, i.e., lower incomes, fewer assets, etc., are eligible

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for Pell grants and work-study in higher numbers and amounts. Student loans are used to cover remaining costs after grant and scholarship sources have been applied. Thus, students with higher costs of attendance or students without other aid are more likely to borrow and likely to borrow more. These programs are based on financial need but may not be exclusively targeted to serving the lowest income students. Students with similar family situations attending differently priced schools may be eligible for different amounts or forms of aid.

Charts 8 and 9 illustrate the shift to loans in the distribution of federal student financial aid in the public two- and four-year, independent, and private career (proprietary) school sectors between FY 1991 and FY 1996.

Chart 8

Federal Student Financial Aid by Award Type and Institutional Sector, Public Two- and Four-year Institutions and University of Missouri System, FY 1991 and FY 1996

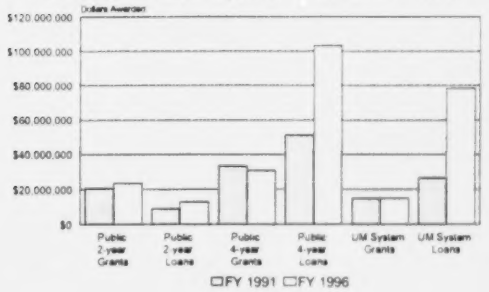
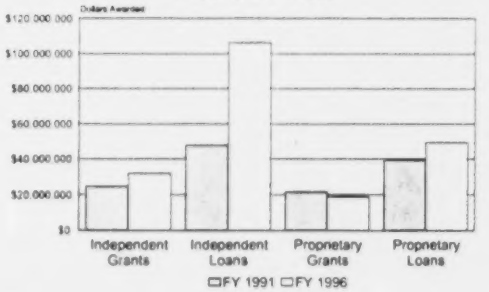


Chart 9

Federal Student Financial Aid by Award Type and Institutional Sector, Independent and Propnetary Institutions FY 1991 and FY 1996



Missouri Student Financial Aid

The same factors for demonstrating need apply to Missouri's need-based financial aid programs. (Unlike the federal government, Missouri also provides financial aid awarded on the basis of academic merit.) There are three major state need-based programs: the Charles Gallagher Student Financial Assistance Program, the Missouri College Guarantee Program, and the Bridge Scholarship Program, which is being phased out. Even though the cost of attendance and the expected family contribution are used to determine financial need for these three programs, the statutory provisions and eligibility requirements specific to each program serve to target certain student populations, often in different institutional sectors.

- The Charles Gallagher Student Financial Assistance Program is the state's largest need-based aid program. In 1998, $14.3 million was distributed to more than 11,000 students who demonstrated financial need. Most of these students were in the independent sector.

- The Missouri College Guarantee Program began in the fall of 1999. There is $4 million available for distribution to approximately 2,500 of the neediest (lowest

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expected family contribution) students in Missouri. This program is funded primarily by dedicated proceeds from the Gaming Commission Fund and general revenue transferred from the Bridge Scholarship Program (see below).

- For two years, the Bridge Scholarship Program provided financial assistance to students who were underserved by other state and federal programs. Bridge awards were made to freshman and sophomore students who did not have $2,000 of non-repayable aid from the Federal Pell Grant Program, estimated Hope Scholarship Tax Credit, and state Gallagher grant program. In 1998, the scholarship's initial year of operation, $4.9 million was distributed to more than 7,000 qualified students. This program is being phased out by the Missouri General Assembly, and the funds are being transferred to the Missouri College Guarantee Program.

The state's major merit-based program is the "Bright Flight" scholarship program. This program provides a $2,000 renewable scholarship to Missouri residents who, as high school seniors, achieve a top 3 percent composite test score on the ACT or SAT college entrance examination. In 1998, more than $14 million was distributed to nearly 7,500 students through this program. The majority of students who benefit from this program attend public institutions.

Another important financial aid program is the A+ Schools Program, which is administered by the Department of Elementary and Secondary Education. This program covers community college tuition and fee costs for eligible students who graduate from A+ designated high schools. In the fall of 1998, 944 students from the 57 A+ designated high schools received this financial assistance. In FY 2000, DESE will distribute $7.8 million to eligible college students enrolled in eligible institutions through the A+ program.

Currently, 75 candidate high schools are seeking A+ designation, and DESE has proposed an expansion plan that would allow more than 400 of the state's 481 high schools to receive A+ designation by the year 2008, with the last 40 schools being designated by 2011. The shape this program takes in the future will have major budgetary implications for student financial aid and, thus, will impact many aspects of Missouri higher education finance and policy.

Beginning with the 1999-2000 academic year, two more new state student financial assistance programs, authorized by the 1998 Missouri General Assembly and signed into law by Governor Mel Carnahan, began serving students. These programs are the Advantage Missouri Program and the Missouri Saving for Tuition (MO$T) Program.

The Advantage Missouri Program provides need-based, forgivable loans to students entering certain high-demand fields. The FY 2000 budget includes $2.9 million for the Advantage Missouri Program. This level of funding will provide loans to approximately 1,100 students.

The MOST Program provides certain state and federal income tax incentives for families to save for future higher education costs. This program began accepting deposits in the fall of 1999.

This collection of state programs and the rapidly increasing volume of associated dollars present a myriad of policy questions about the way in which the state provides financial assistance to students. Major issues involve the integration and articulation, or the lack thereof, among programs; the financial and educational impacts of distributing aid among different institutional sectors according to varying criteria; and the ability of the system to respond to a changing higher education marketplace. This situation is made even more complex when the institutional student financial aid is considered.

Institutional Student Financial Aid

In addition to the financial assistance provided by federal and state sources, individual postsecondary institutions also award financial aid, which is commonly referred to as institutional aid. Charts 10 and 11 show the distribution of institutional aid in the public two- and four-year sectors and the independent and private career school sectors according to either need- or merit-based award criteria in FY 1991 and FY 1996.

Chart 10

Institutional Student Financial Aid by Award Criteria and Institutional Sector, Public Two- and Four-year Institutions and University of Missouri System, FY 1991 and FY 1996

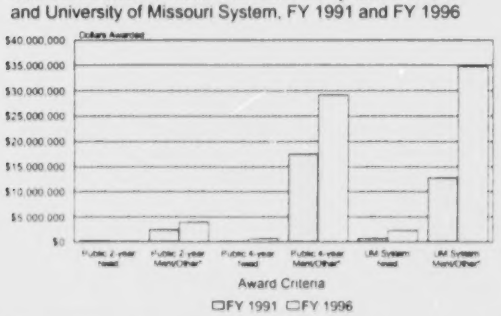
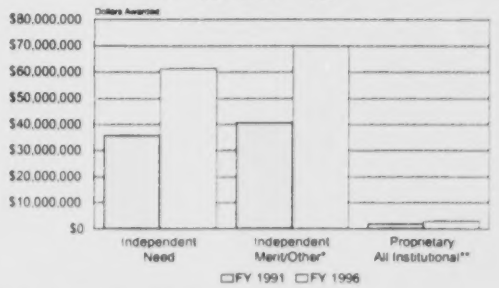


Chart 11

Institutional Student Financial Aid by Award Criteria and Institutional Sector, Independent and Proprietary Institutions FY 1991 and FY 1996



MOSTARS Services

In its *Blueprint for Missouri Higher Education,* the Coordinating Board for Higher Education emphasized the importance of providing and improving financial access to the state's system of higher education. The Coordinating Board created the Missouri Student Assistance Resource Services, or MOSTARS, a division of the Department of Higher Education, in the fall of 1997. MOSTARS promotes access to postsecondary education by providing resources, assistance, and customer services for students, parents, postsecondary institutions, lenders, high schools, secondary markets, legislators, and state government agencies.

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To provide financial access, MOSTARS administers 13 state and federal student financial assistance programs. The following four programs are the largest state programs and will provide approximately $37 million to an estimated 26,000 eligible Missouri residents in FY 2000:

- Charles Gallagher Student Financial Assistance Program,
- Higher Education Academic Scholarship "Bright Flight" Program,
- Marguerite Ross Barnett Memorial Scholarship Program, and
- Missouri College Guarantee Program.

MOSTARS also administers the Federal Family Education Loan Program, known as the Missouri Student Loan Program, on behalf of the U. S. Department of Education. It is projected that the MSLP will process nearly $310 million in student loans for more than 80,000 eligible students in FY 2000.

Another major task of MOSTARS is to provide outreach activities that promote early awareness of postsecondary opportunities in Missouri. To accomplish this task, MOSTARS currently provides free information and services to middle and high school students, counselors, and parents statewide. These services are delivered in a variety of ways, such as through newsletters, brochures, and high school visits.

To enhance early awareness, MOSTARS plans to initiate new projects during the next several months. These projects include targeting high schools that historically have low college attendance rates, sending direct mailings to the homes of Missouri families, developing partnerships with postsecondary institutions, and participating in new federal programs that focus on college awareness activities.

The MOSTARS Information Center provides an ongoing service to postsecondary institutions, high schools, Missouri citizens, and state government. The center receives approximately 800 telephone calls weekly. Furthermore, the Information Center responds to written correspondence and distributes packets of materials pertaining to financial access to Missouri's system of higher education.

Summary

A number of conclusions can be drawn from the analysis of the relationship between tuition and fees, state appropriations, per capita disposable income, and student financial aid.

- Tuition and fees have increased in all sectors of Missouri higher education. While there is considerable variability among institutions and sectors, this observation is consistently seen throughout the data reviewed.

- State support in the financing of higher education affects the decisions institutional governing bodies make about the price of higher education and how the cost of delivering higher education is financed.

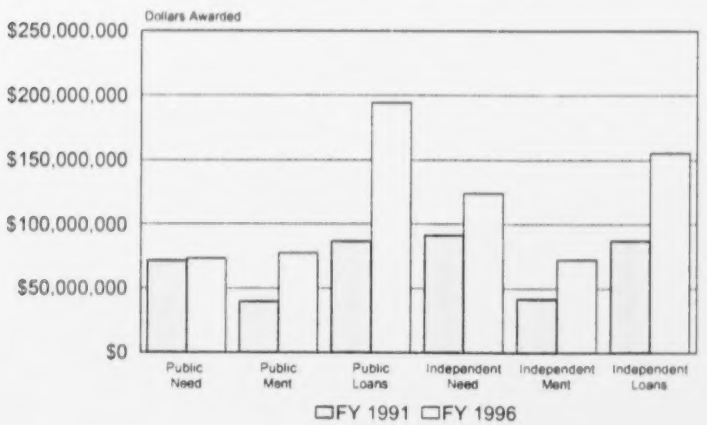
- The rate of tuition and fee increases in the last 10 years has resulted in a major shift in the financing of higher education from the state to students and their families.

- Financial aid is becoming an increasingly important aspect of the way students and families finance higher education in Missouri.

- There is an increasing dependence on student loans over grants, as Chart 12 illustrates. This has resulted in many students graduating with significant debt from student loans.

Chart 12

Distribution of Total Student Financial Aid by Award Type



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Commission Recommendations

The General Assembly finds and declares that the state can achieve its full economic and social potential only if every individual has the opportunity to contribute to the full extent of his capabilities and only when financial barriers to his economic, social, and educational goals are removed.

- Chapter 173.200, Missouri Revised Statutes

The Missouri Commission on the Affordability of Higher Education believes that there is intrinsic value in education for all Missourians and that significant public benefits are gained through the support of education. The commission members subscribe to the spirit of a quote from the 1970 Tucker Report: "We believe that an educated citizenry is the foundation stone of democracy, and indeed of civilization." This 30-year-old statement of belief is and will likely always be true in the United States. Louis Pasteur once observed that "chance favors the prepared mind." Applied to higher education, Pasteur's message is that the Missouri's higher education system must be current in terms of quality and accessibility in order to prepare students and the state of Missouri for the future. Education is the foundation of a nation's economy, and higher education is its capstone. Today, consideration must be given to the pace that technological advancement in the economy sets for higher education. Higher education and technology are essential and interdependent building blocks for a robust economy. To meet the responsibility to democracy and to the economy, Missouri must be prepared to plan for, sustain, and nurture a quality and affordable higher education system.

Before making any recommendations, the commission had to address the central question: Is the Missouri system of higher education affordable? Some members suggested that these conditions indicate that the price of higher education can continue to rise and still be affordable. They pointed to the diversity of the system that offers Missouri residents options within the financial reach of everyone. Other commission members took the position that the rapid increases in tuition and fees are a reason for concern, especially for underrepresented groups in society. Unchecked, the tuition increases will price many Missourians out of the opportunity for higher education. In the end, the commission recognizes that many conditions exist that policy makers need to address before all parties can agree that higher education in Missouri can be declared affordable.

The Interaction Between Quality and Affordability

At first glance, these concepts of quality and affordability may seem contradictory.

Quality, in terms of student body profile, campus facilities, and strength of faculty and programs, opens higher education institutions to national and global recognition. Missouri is blessed with many quality colleges, universities, and schools. The state and its institutions must sustain and build upon that quality.

Affordability opens the doors of higher education to those who are qualified. Missouri and its higher education community must find ways to ensure financial access to higher education for all qualified Missouri residents.

It is difficult to gather and invest the funding necessary to create and increase quality in higher education as described above while keeping the price of attendance down so Missourians can attend the state's postsecondary institution of their choice. While there is no one policy or set of recommendations that can definitively address this dilemma, the commission members believe both quality and affordability are essential. Whichever policy direction the higher education system moves toward in terms of enhancing quality, it must be grounded in a commitment to affordability. Likewise, policies on higher education affordability must be equally grounded in an ongoing commitment to a quality educational experience.

Because the emphasis of this commission was affordability, the recommendations contained herein have a bias toward keeping postsecondary education financially accessible. Less specific mention is made of maintaining the quality of higher education in Missouri. The recommendations, however, have been assembled with an underlying recognition of the costs necessary to build and maintain a quality system of higher education.

The System

Missouri's system of higher education can be characterized by its size and scope, diversity, institutional autonomy, results, and contribution to the state's workforce development system as it works to meet the education, research, and service needs of the Missouri citizenry. Because of the inherent diversity of such a large system, those who propose policy must recognize the context in which the system operates.

As of 1995, Missouri has the 15th largest higher education system in the United States. In the fall of 1997, Missouri's public, independent, and proprietary schools enrolled more than 320,000 students. Fifty-nine percent of all students are enrolled in public institutions, and 41 percent are enrolled in independent and private career schools. In addition, Missouri's colleges and universities conferred more than 68,000 certificates, diplomas, and degrees in FY 1997. Nearly 81 percent of the state's higher education enrollees are Missouri residents; nearly 15 percent are residents of other states. In addition, of Missouri's high school seniors who go to college, 16 percent choose to attend college in another state.

A discomforting problem with developing and offering a set of recommendations is that while Missouri higher education is recognized as a system, it is made up of several components. Each component is unique with a distinct set of challenges. As a result, any one commission recommendation must be made with consideration of its impact on the various components of the system. The commission's recommendations attempt to take into consideration the differences among the components along with the other elements of the state's system of higher education discussed above.

RECOGNITION OF FACTORS AFFECTING COSTS AND PRICES OF MISSOURI HIGHER EDUCATION

The diversity of opportunities in Missouri's system of higher education leads to a series of findings the commission has acknowledged. These findings, which provide the basis for the commission's recommendations, are discussed below. Additional findings specific to a category of recommendations are listed under that particular heading. The recommendations fall into five categories: cost containment, state budget policies, pricing, financial access, and consumer information.

GENERAL FINDINGS

- The commission recognizes that affordability itself is an elusive concept. This elusiveness is rooted in the reality that students, postsecondary institutions, and the Missouri General Assembly each have differing perspectives on issues such as the prevalence and end results of cost containment, the dynamics of institutional financing, and the purposes of student financial assistance and taxpayer subsidies.

- The commission recognizes that with the diversity of opportunities comes choice, including a choice of academic programs, locations, reputation, cultures, and of course, tuition and fees, and related charges. While all these choices interact, it is tuition and fees that affect the charge of this commission and translate most directly into affordability.

- The commission recognizes that the governing boards of both the independent and public institutions are autonomous bodies charged with legal responsibilities for the operation of their institutions. Private career schools are similarly autonomous in their governance. In setting tuition, fees, and other charges, each institution has to consider a set of common financial factors. Among these factors are institutional mission, operational costs, condition of plant, maintenance of quality, consistency of fund sources, changing demographics, and market forces. The factors the institutions choose to emphasize collectively and individually have an effect on affordability across the higher education system.

- The commission recognizes that independent institutions provide educational services to many Missouri citizens. The independent institutions provide a capacity statewide that is not available solely in the public sector of the Missouri higher education system. Many Missouri residents who attend these institutions receive public dollars through student financial aid programs.

- The commission recognizes that the tuition and fees paid by Missouri students are less than the cost of providing instruction at public and independent institutions. This means that both public and independent institutions raise revenue from other sources, such as state appropriations (public institutions only), local district taxation (public

two-year institutions only), endowments, gifts, and earned interest to subsidize the actual cost of education.

- The commission recognizes that the cost and price of graduate and professional education have increased significantly. Many graduate students have access to financial assistance in the form of teaching and research assistantships. Students enrolled in professional programs, e.g., medicine, dentistry, law, veterinary medicine, etc., do not have access to the same kind or level of financial aid as other graduate students. The commission did not have the time to investigate the affordability of higher education at this level but recognizes that the cost and price of graduate and professional education, particularly medical education, need to be examined in the near future through a special study.

- The commission recognizes that common elements drive educational costs upward and are experienced by all public and independent colleges and universities and private career schools. The most significant of these elements are human resources, regulatory requirements, technology, facilities, and student and public expectations.

- The commission recognizes that cost containment strategies vary by institution. The governing boards and administrations of postsecondary institutions have both the authority and the responsibility to implement appropriate cost containment strategies and to make the ultimate decisions regarding whether the proceeds of cost containment efforts are directed toward lowering tuition and fees, increasing the number or quality of program offerings, or some other pursuit.

- The commission recognizes that public and independent institutions must be audited annually under nationally accepted auditing guidelines. Institutions also follow similar accounting standards. However, it is difficult to compare institutions' financial information because public and independent colleges and universities report financial data using different reporting formats.

COST CONTAINMENT

COST CONTAINMENT FINDINGS

- The commission recognizes that institutional and community aspirations tend to foster growth in degree level offerings, scope of academic program offerings, and athletic programs. Unbridled growth in these areas leads to additional costs for students, institutions, and the state. Instead of every institution working to provide every program for everyone, collaboration and mission differentiation may accomplish the same goals and meet the same needs.

- The commission recognizes that the sharing of facilities and faculty is occurring throughout the state, resulting in shared savings and increases in educational opportunities. More cooperation in these and other areas is needed.

- The commission recognizes that cost containment efforts can benefit students, the state system of higher education, and the institution itself. In recent years, the benefits of cost containment efforts have been directed toward educational excellence and institutional prestige and influence rather than maintaining affordability.

COST CONTAINMENT RECOMMENDATIONS

1. The commission recommends that each postsecondary institution continue and enhance current cost containment strategies. Institutions also should develop and implement new strategies that ensure the cost effectiveness of institutional operations. Furthermore, institutional efforts in this area must be accountable to students, families, Missouri citizens, legislators, and regulatory officials as appropriate.

2. The commission recommends that cost containment strategies collectively address three distinct types of cost containment:

   a) The containment of costs for students (for example, efforts that impact fee charges, book charges, the time required for degree completion, and the sequencing of required classes; promote the transfer of credit between institutions; and increase student preparation for academic success in college, including Advanced Placement).

   b) The containment of costs for institutions (for example, the consideration of the privatization of support operations, the renovation of existing facilities versus new construction and the addition of new space, partnerships in risk management plans or utility purchasing, and collaborative degree offerings).

   c) The containment of costs for the state of Missouri (for example, efforts that impact statewide programs or services, partnerships between public and independent institutions and private career schools, partnerships with state agencies, and institutional reallocation in lieu of increased state funding).

Efforts to contain costs should seek a balance between the goals of building educational excellence, institutional prestige and influence, and maintaining financial access and affordability.

3. The commission recommends that institutions specifically examine the cost effectiveness of their policies and practices related but not limited to:

   a) degree programs with low enrollment;
   b) enrollment planning and management;
   c) employment, promotion, and retention of all institutional personnel;
   d) distribution of institutional student financial aid;
   e) the use of instructional and other technologies; and
   f) meeting the non-academic service and facility demands of students.

Such an examination should seek a balance between the goals of maintaining competitiveness and high quality in terms of student body profile and campus facilities and maintaining affordability and financial access.

4. The commission recommends that institutions have an obligation to maintain focus on their respective institutional missions, especially in terms of student selectivity, the degree levels offered, the scope of program offerings, and the classification of athletic programs.

5. The commission recommends that the Coordinating Board ensure, support, and monitor effective cooperation in the sharing of educational resources and the delivery of academic programs by aggressively pursuing its statutory responsibility to develop "arrangements for more effective and more economical specialization among institutions in types of education programs offered and students served, and for more effective coordination and mutual support among institutions in the utilization of facilities, faculty, and other resources," (Section 173.020 (3), RSMo).

6. The governor's office, the Missouri General Assembly, and the state government departments should continue to assess the impact of state and federal mandates and related government reporting requirements on the affordability of postsecondary education.

The goal of this effort should be to identify state and federal mandates and related reporting requirements that negatively impact affordability and to eliminate such items if they are duplicative or otherwise unnecessary.

STATE BUDGET POLICY

STATE BUDGET POLICY FINDINGS

- The commission recognizes that the Coordinating Board's policies regarding institutional mission review and differentiation; limiting the number of public doctoral, master's, baccalaureate, and associate degree-granting institutions; academic program review; and targeting state investments to quality goals and strategic initiatives are right for the state's system of higher education and are right for the state of Missouri. These policies and those that will result from the following recommendations will have a prominent role in affecting the future cost, price, and affordability of Missouri higher education.

- The commission recognizes that, notwithstanding the Coordinating Board's efforts in regard to mission review and other strategic initiatives, constant vigilance of these issues will be required of the governor, the Missouri General Assembly, institutional governing board members, as well as all Missouri taxpayers if the Coordinating

Board's policies and the commission's recommendations are to succeed in maintaining the affordability of Missouri higher education.

- The commission recognizes that in lieu of sufficient support from state appropriations, public institutions must find alternative sources of funds, usually gifts, grants, and in some cases, local tax revenue as well as tuition and fee increases, to meet inflationary obligations. The commission recognizes that, each year, the Coordinating Board approves a request for an inflationary increase for public two- and four-year institutions that uses their total education and general expenditures as the basis. In recent years, the Missouri General Assembly has appropriated an inflationary amount that appears to be based on state general revenues alone. The consequence of the latter is that public four-year institutions are, on average, currently compensated for 50 percent of their inflationary costs by the state and the public two-year institutions for 41 percent of their total inflationary costs. Cost-saving measures alone will not compensate for the shortfall.

- The commission recognizes that barriers to the transferability of credit within Missouri's system of higher education raise costs to students and families as well as the state of Missouri.

STATE BUDGET POLICY RECOMMENDATIONS

1. The commission recommends that, in light of institutional mission review and other strategic initiatives, the higher education community focus on ensuring that students have accessible options for completing a baccalaureate degree. This focus should include the current efforts regarding low-cost technology-based delivery systems, general education collaboratives, the funding of academic consortia, and the coordination of student financial aid programs.

2. The commission recommends that the Coordinating Board continue to provide leadership and to support the elimination of barriers to transfer and articulation between all Missouri postsecondary institutions.

3. With full funding of inflationary increases for institutional operations and student financial aid programs, the commission urges public and independent institutions to take into account families' ability to pay when setting price and determining whether tuition and fee increases are necessary.

4. The commission recommends that public institutions maintain focus on their institutional missions, especially in terms of student selectivity, the degree levels offered, the scope of program offerings, and the classification of athletic programs. Institutional mission review and enhancement allows the education and training needs of the state and its citizens to be met in a way that could not be addressed by any one institution or sector of institutions.

5. The commission recommends that the Coordinating Board, in statewide strategic planning, pay particular attention to maintaining affordable options for the 13th and 14th years of education.

6. The Coordinating Board's five-year review of institutional missions should include an examination of each institution's five-year funding plan that incorporates long-range projections of revenues (for example, tuition and fees, state appropriations, and local support) and expenditures (for example, salaries, financial aid budgets, and physical plant maintenance and upgrades).

PRICING

PRICING FINDING

- The commission recognizes that prices generally are less than the cost of education and are set by considering many factors, such as inflation, program needs, and competitive prices.

PRICING RECOMMENDATIONS

1. With institutional commitment to cost containment strategies and continued strong financial support from the state, public institutions should commit to keeping tuition and fees as low as possible, taking into account families' ability to pay and the mission of the institution, among other factors.

2. Pricing policies should be based on consensus regarding the proportional share of the cost of delivering instruction that the student and the state should each pay at institutions with similar or common missions, governance, and control.

3. Institutional pricing policies should be based on a publicly disseminated five-year funding plan that incorporates long-range projections of revenues (for example, tuition and fees, state appropriations, and local support) and expenditures (for example, salaries, financial aid budgets, and physical plant maintenance and upgrades).

FINANCIAL ACCESS

FINANCIAL ACCESS FINDINGS

- The commission recognizes that tuition and fees and other elements that contribute to the cost of attendance have risen considerably faster than the Consumer Price Index and the Higher Education Price Index. At the same time, institutional and state financial aid has risen in a similar manner while federal financial aid has steadily declined in real dollar terms.

- The commission recognizes that the Federal Pell Grant Program provides a significant resource for assisting underrepresented groups in accessing postsecondary education. However, the purchasing power of Pell Grant awards has declined for many years.

- The commission recognizes that the state of Missouri has significantly increased access to student financial aid through the development of new, targeted financial aid programs. However, the development of these new programs has increased the administrative burden on postsecondary institutions and has added to the confusion students and families' experience in the financial aid application process.

- The commission noted that Missouri provides smaller amounts of need-based student financial aid than most other states. Historically, Missouri has provided about the same amount of need-based as merit-based student financial aid. Only seven states provide more merit-based than need-based aid. While Missouri has developed new need-based aid initiatives in recent years, it continues to rank far behind most other states in responding to the financial need of students from low-income families.

- The commission recognizes that there is a disturbing trend of increased student borrowing, particularly at the freshman and sophomore levels.

FINANCIAL ACCESS RECOMMENDATIONS

1. The commission recommends that the state of Missouri coordinate student financial aid programs to increase state funding for need- based financial aid for pursuing the first two years of postsecondary education. State financial resources for pursuing further education beyond the first two years should be sustained. This effort would directly support the governor's Show-Me Result #12 to increase the percentage of individuals aged 25 through 65 who have completed 14 years of education.

   The principles to be implemented in such programs would include:

   - Financial aid would follow students (Missouri residents only).
   - Eligible institutions would include approved two-year, four-year, public, independent, vocational, and private career schools.
   - Aid awards would be at least $2,250 initially, and future increases should be linked to an appropriate index.
   - An additional $1,000 could be awarded if matched by institutional funds.
   - Aid would be applied to part-time students on a proportional basis.
   - Aid programs should address the needs of all students.
   - The design of aid programs should minimize the amount of student debt accumulated in the first two years of postsecondary education.

2. The commission recommends that the Coordinating Board and MOSTARS initiate and maintain statewide outreach and early awareness programs to educate and prepare Missouri citizens, especially students and families, on how to access education and training beyond high school. Specific items in support of this recommendation include:

   - MOSTARS should enhance existing outreach programs and coordinate a partnership between DESE and postsecondary institutions that would provide in-service training to middle and high school counselors to promote postsecondary preparation and career planning for middle and high school students and their parents.

   - A web site that allows statewide access to information for postsecondary preparation, career planning, and estimating financial need should be created and maintained by the Coordinating Board in cooperation with other state government departments. The web site should link to all Missouri postsecondary institutions.

   - Particular effort also should be made to ensure the dissemination of information through multiple means because many Missouri citizens may not have access to the Internet.

   - Students and their families have a responsibility for sharing in the cost of education. Missouri's state-sponsored savings plan, Missouri Saving for Tuition (MO$T), should be supported as a valuable tool in assisting families in saving for postsecondary education expenses.

3. The commission recommends that standardized renewal criteria that include number of credit hours completed and grade point average should be used for the administration of all state merit-based financial aid programs, e.g., the A+ Schools Program, the Missouri Higher Education Academic Scholarship "Bright Flight" Program, and the Missouri College Guarantee Program.

4. The commission also recommends that the governor and Missouri General Assembly draft state financial aid programs to maximize the utilization of federal funding available to individuals to pay for tuition, fees, and books.

CONSUMER INFORMATION

CONSUMER INFORMATION FINDING

- The commission recognizes that the information distributed to students and families concerning postsecondary educational opportunities and what they are expected to pay is uncoordinated, sometimes unclear, and often presented in formats not accessible to or understandable by the average consumer.

CONSUMER INFORMATION RECOMMENDATIONS

1. The commission recommends that postsecondary institutions improve consumer information so that families have clear and concise information related to the price of postsecondary education and training and how it can be financed.

    - Institutions should adopt a common and understandable format for cost and pricing information to be included in a full-disclosure statement designed to be understandable by the general public. Parents and prospective students could benefit from clear and concise information on tuition and fees, available student financial aid, and other factors associated with the total cost of college attendance.

    - All institutions and the Coordinating Board should work cooperatively to adopt common reporting formats and definitions.

    - All institutional web sites, printed materials, and other publications should use the commonly accepted formats and definitions.

    - Public information efforts should incorporate information about the return on a student's and family's investment in postsecondary education and the breadth of available financial aid and other subsidies, including the state's student grant and scholarship programs and MO$T, the state's college savings plan.

    - Dissemination of public information about opportunities for postsecondary education and student financial aid, except information distributed over the Internet, should continue to utilize a variety of print and broadcast media.

2. The commission recommends that the Coordinating Board make consumers of postsecondary education aware of federal and state tax programs through consumer information strategies.

3. The commission also recommends that the Coordinating Board use its data collection and reporting responsibilities to provide clear consumer information about the price of Missouri colleges and universities.

Conclusion

Missouri's system of higher education can be characterized by its size and scope, diversity, institutional autonomy, results, and contributions to the state's workforce development system. Through public policy initiatives of the Coordinating Board for Higher Education and the thoughtful participation of the state's public and independent colleges and universities and private career schools, Missouri is becoming nationally recognized for its efforts to ensure access, quality, and efficiency in the state's system of higher education.

Clearly, issues surrounding the cost, price, and affordability of higher education involve a complex set of interactions among institutional aspirations and goals, funding policies at the institutional and state levels, and the state's interest in maintaining an affordable system of higher education. The Missouri Commission on the Affordability of Higher Education welcomed the opportunity to help inform the state's discussion and interests in the cost of delivering higher education and the prices charged by postsecondary institutions. The commission believes the recommendations it has submitted in this report, if implemented, will significantly advance Missouri's goal of maintaining an affordable and diverse system of higher education in Missouri.

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